

Govt 6+7+8+9

Mr Chancellor of the Exchequer

Amendment 6

Schedule 18, page 218, line 34, leave out ‘6th April’ and insert ‘1st August’.

Amendment 7

Schedule 18, page 218, line 40, leave out ‘on or before 13th December 2006’ and insert ‘before the appropriate date’.

Amendment 8

Schedule 18, page 219, line 3, at end insert –

- ‘(4A) In sub-paragraph (4)(d) “the appropriate date” means -
- (a) 13th April 2007 (in any case where, on the day of the making of the insurances in respect of which the policy of insurance was issued, the rights of the individual under the pension scheme included an actual or prospective entitlement to a pension, and
 - (b) 14th December 2006 (in any other case).’.

Amendment 9

Schedule 18, page 219, line 7, at end insert –

‘(5A) But where, on the day of the variation, the rights of the individual under the pension scheme included an actual or prospective entitlement to a pension, a relevant event does not occur by virtue of the variation if it was made in pursuance of a proposal made in writing (by whatever means) and received by or on behalf of the insurer before 13th April 2007.’.

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EXPLANATORY NOTE

SUMMARY

1. These amendments make minor changes to the transitional rules in Schedule 18. Clause 67 and Schedule 18 amend Part 4 of the Finance Act 2004 to remove relief for contributions paid by individuals under a registered pension scheme for personal term assurance policies.

DETAILS

2. Paragraph 5 of Schedule 18 sets out when a policy of insurance, which is a non-group life policy and is held for the purposes of a scheme that is not an occupational pension scheme, is a protected policy. Transitional relief is available for contributions paid by individuals where these are used to fund protected policies.
3. Paragraph 5(4) of Schedule 18 sets out the requirements that must be met for a policy of insurance made on or after 6 December 2006 to be a protected policy. One requirement is that the insurer must have received the proposal for the insurance before the 14 December 2006. Another is that the policy of insurance must have been made and be held for the purposes of a registered pension scheme by 5 April 2007.
4. **Amendment 6** amends paragraph 5(4)(a) of Schedule 18 to defer until the 31 July 2007 when the policy of insurance must have been made and be held for the purposes of a registered pension scheme in order to be eligible to be a protected policy.
5. **Amendments 7 and 8** amend paragraph 5(4)(d) of Schedule 18 and add a new sub-paragraph (4A) to paragraph 5 of the Schedule to widen the definition of what is a protected policy in certain circumstances.

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6. Paragraph 5(5) and (6) provide that a protected policy ceases to be one if it is varied so as to increase the benefits payable or extend the policy's term.
7. **Amendment 9** inserts a new sub-paragraph (5A) into Paragraph 5 of Schedule 18 and provides that certain variations that would otherwise be relevant events are not to be treated as such.

BACKGROUND NOTE

8. The amendments originate in representations made by the Association of British Insurers and were agreed with them.
9. The Statement announcing these changes and the Government's proposal to amend the Finance Bill was published on the HMRC Website on 12 April 2007.